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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/703,357	10/31/2000	Michelle Banaugh	WELL0011	3231

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EXAMINER
KYLE, CHARLES R

ART UNIT	PAPER NUMBER
3624	

DATE MAILED: 03/21/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

	Application No.	Applicant(s)
Office Action Summary	09/703,357	BANAUGH ET AL.
	Examiner	**Art Unit**	
	Charles R Kyle	3624	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE <u>3</u> MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *12 October 2004*.

2a)☐ This action is **FINAL**.   2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-68* is/are pending in the application.

    4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-68* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

    Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

    Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

    a)☐ All   b)☐ Some * c)☐ None of:

        1.☐ Certified copies of the priority documents have been received.

        2.☐ Certified copies of the priority documents have been received in Application No. _____.

        3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

    * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1)☒ Notice of References Cited (PTO-892)

2)☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)

3)☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
    Paper No(s)/Mail Date _____.

4)☐ Interview Summary (PTO-413)
    Paper No(s)/Mail Date. _____.

5)☐ Notice of Informal Patent Application (PTO-152)

6)☐ Other: _____.

DETAILED ACTION

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

The rejection under 35 U.S.C. 112, second paragraph referring translatable message units of the last office action is withdrawn based on Applicants' amendment.

Claims 1-68 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Each of apparatus Claims 1-34 recites "... means for said decision engine performing: means for authenticating... means for reporting... means for providing.. It is unclear how the decision engine can perform the various means recited, as opposed to performing steps.

Each of Claims 1-68 recites "said merchant's web page is coupled to a decision engine by a message unit architecture". Message unit architecture would specify the structure of a message, such as the specification of a TCP/IP message as comprising a TCP header, IP header and data. Use of the word "coupled" suggests a structural element between the decision engine and web page; it is unclear how a static description of a message format would provides such coupling.

Each of Claims 1-68 recites "wherein said message unit architecture matches the Internet transaction to an ACH message". Message unit architecture would specify the structure of a message, such as the specification of a TCP/IP message as comprising a TCP header, IP header and data. Use of the word "matches" suggests an active function of comparing an Internet

transaction to an ACH message and making some determination of similarity; it is unclear how a static description of a message format would provide such comparison/matching.

Each of Claims 1-68 recites "thereby providing smooth integration with messaging payment transaction related information...". "Smooth integration is a desirable goal but not specifically descriptive for one of ordinary skill in the art to know how to obtain it. Further, such smooth integration is prevented if a message unit formatted into FDMS as at page 9, line 9 of the amendment is then attempted to be matched to an ACH message, as at page 9, lines 20-21.

The phrasing of Claim 1 at page 9, lines 20-24 of the Amendment and comparable phrasing for Claim 35 is incomprehensible. It is unclear what elements perform the recited functions of matching and integration. The phrasing suggests that Applicants may be trying to convey an information flow from a participating party to a merchant through the decisioning engine but this is not clearly set out in the Claim. The same rejection applies to the dependent Claims.

Claims 5 and 39 recite the phrase "authenticating parties is adaptable to authenticate parties for both ..." It is unclear whether authentication is actually performed.

The Examiner has examined the Claims to the best of his ability given their condition. Applicants fail to convey what they consider to be their inventive feature in the presented Claims.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Claims 1-9, 11-13, 16-23, 25-43, 45-47, 50-57, 59-68 are rejected under 35 U.S.C. 103(a) as being unpatentable over *Kravitz* in view of *Gopinathan et al.*

With respect to Claim 35, *Kravitz* discloses the invention substantially as claimed, including in a method for providing a decisioning solution to a merchant (Col. 3, lines 30-61), acceptance of Internet transactions from participating parties (Summary of the Invention) and facilitation of payments between participating parties and said merchant (Col. 7, lines 12-26), including steps of:

Said merchant receiving from at least one participating party of said participating parties at least one Internet transaction of a Web page of said merchant (Col. 24, line 31 to Col. 25, line 25, line 30), wherein said merchant's Web page is coupled to that of the participating party by a message unit architecture (TCP/IP, i.e Transmission Control/**Internet** protocol packet format, inherent to Internet functionality);

Responsive to receiving said at least one Internet transaction, said merchant's Web page using said message architecture to obtain approval (Col. 12, line 60 to Col. 13, line 36);

Authenticating said at least one participating party (Col. 7, lines 9-30);

Processing and reconciling funds (Col. 12, lines 3-28; Col. 13, lines 12-26)

The Examiner notes that the phrasing "any of" at page 15, lines 4-5 of the amendment requires disclosure of only one of the functions immediately following. At least the limitation "processing and reconciling funds" is disclosed by *Kravitz*, as above.

Further, receipt of orders and merchant submission of order information for transaction

approval was old and well known at the time of the invention. For example, receipt of credit

card orders and merchant requests for approval of the related credit card transaction was

frequently done in the normal course of Internet commerce.

Kravitz also discloses that a decisioning system works on behalf of a merchant to

facilitate processing of payments to the merchant from another party at Col. 3, lines 30-61 and

that a merchant facilitates processing an ACH transfer of funds (Col. 11, line 61 to Col. 12, line

22) directly through an message unit interface (Col. 12, lines 6-14 and Col. 37, lines 61-64).

Although *Kravitz* discusses risk decision making for transactions at Col. 3, lines 42-51 and Col.

49, lines 27-35, it does not specifically disclose the details of indicating a clearance to make

transactions based on risk assessment. *Gopinathan* generally discloses features as recited in the

preambles of Applicants' claims in connection with detection of fraudulent transactions, like

those of *Kravitz*. See at least Abstract, Background of the Invention and Summary of the

Invention. *Gopinathan* specifically discloses remaining claim limitations of reporting suspicious

activity (Figure 4) and clearance to transact based on determined risk (Summary of the

Invention; Figure 16; Col. 25, lines 44-62). *Gopinathan* further discloses providing a

decisioning engine for providing a decisioning solution to a merchant, wherein said decisioning

solution indicates clearance to the merchant to transact with parties, wherein the decisioning

solution is based on a determined risk of a party at Col. 25, lines 28-62.

It would have been obvious to one of ordinary skill in the art at the time the invention

was made to have included the decision making solution disclosed by *Gopinathan* in the

electronic payments invention of *Kravitz* because this would have reduced risk of loss to users of

the combination. This is specifically set out by *Gopinathan* as a desirable goal at the Col. 1,

lines 29-63 and set forth below:

> *In the following discussion, the term "credit card" will be used for*
> *illustrative purposes; however, the techniques and principles discussed herein*
> *apply to other types of customer accounts, such as charge cards, bank automated*
> *teller machine cards and telephone calling cards.*
> *Credit card issuers conventionally attempt to limit fraud losses by immediately*
> *closing a customer's account upon receiving a report that the card has been lost*
> *or stolen. Typically, the customer's credit information is then transferred to a*
> *new account and a new card is issued. This procedure is only effective in*
> *limiting fraudulent use of lost or stolen cards after the loss or theft has been*
> *reported to the issuer.*
> *In many cases, however, fraudulent use occurs without the knowledge of the*
> *cardholder, and therefore no report is made to the issuer. This may occur if the*
> *customer is unaware that the card has been lost or stolen, or if other*
> *techniques are employed to perpetrate the fraud, such as: use of counterfeit*
> *cards; merchant fraud; application fraud; or interception of credit cards in the*
> *mail. In all these situations, the fraudulent use may not be detected until (and*
> *unless) the cardholder notices an unfamiliar transaction on his or her next*
> *monthly statement and contests the corresponding charge. The concomitant delay*
> *in detection of fraud may result in significant losses. User fraud, in which the*
> *user claims that a valid transaction is invalid, is also possible.*

Limitations of Claims 36-43, 45-47, 50-52, 54-57, 59-62 and 64-68 are also disclosed by

the prior art cited above or were old and well known in Internet commerce.

As to Claims reciting a predetermined processing time, such predetermination would be

obvious to assure a termination condition for the decisioning process.

With respect to Claims 1-9, 11-13, 16-18, 20-23, 30-34, they are the system form of

Claims rejected above and are rejected in a like manner.

Claims 14, 15, 48 and 49 are rejected under 35 U.S.C. 103(a) as being unpatentable over

Kravitz and *Gopinathan et al* in view of *Blazing A Trail in Point of Sale Transaction.*

With respect to Claims 14 and 48, *Kravitz* and *Gopinathan* disclose the invention substantially as claimed. See the discussions set forth above. They do not specifically disclose real-time debit of funds. *Blazing* discloses real-time electronic debits at Abstract. It would have been obvious to one of ordinary skill in the art at the time the invention was made to have used the electronic debit mechanism of *Blazing* in the combination of *Kravitz* and *Gopinathan* because this would have speeded payment, increased merchant confidence of payment, and reduced fraud losses as specifically disclosed by *Blazing*.

With respect to Claims 15 and 49, placing a hold on funds would be obvious because this would assure collection of funds form a payor.

Claims 10, 24, 44 and 58 are rejected under 35 U.S.C. 103(a) as being unpatentable over *Kravitz* and *Gopinathan et al* in view of *Hilts et al*.

With respect to Claims 10 and 44, *Kravitz* and *Gopinathan* disclose the invention substantially as claimed. See the discussions set forth above. They do not specifically disclose reversible transactions. *Hilts et al* disclose such a feature at Abstract and Background of the Invention. It would have been obvious to one of ordinary skill in the art at the time the invention was made to have provided for transaction reversal as disclosed in *Hilts* in the combination of *Kravitz* and *Gopinathan* because this would have allowed for restoration of the state prior to an exceptional or defective transaction so as to eliminate loss to a seller in a particular transaction.

With respect to Claims 24 and 58, see the discussions of Claims 44 and 35 above.

Response to Arguments

Applicant's arguments with respect to claims 35 and 1 have been considered but are not persuasive.

The Examiner notes the remaining substantive argument set forth by Applicants is at page 6, first paragraph, where Applicants assert that *Kravitz* does not process payments and cannot be modified to process a direct refund. Applicants cite Fig. 2 which refers to payment advices, but fails to distinguish how processing of payments and payment advices differ. The Examiner notes that *Kravitz* does indeed process payments as disclosed at Abstract which recites *"A method of payment in* an electronic payment system...", at Col. 7, lines 9-11 which recites "This invention relates to electronic commerce, and, more particularly, to *a system and method for payment* and transactions in an electronic payment system", at Col. 7, lines 12-26 which recites "In one aspect, *the invention is a method of payment* in an electronic commerce system wherein customers have accounts with an agent and where each customer shares a respective secret between that customer and the agent" and Col. 12, lines 6-22 which recites "Merchant M has a bank 118 with which either the MCC 114 or the MCC's designated bank interacts via traditional financial networks 120. The merchant's bank 116 and the customer's bank 108 can be the same bank. The merchant M has an account with the MCC 114. The MCC 114 may designate accounts at one or more banks through which to *execute payments* to merchant banks 118 and/or to *receive payments* from customer banks 108, and/or there may be multiple MCCs 114. There may be multiple CTAs 102.

Kravitz thus disclsoes processing of payments and would be amenable to refund processing.

Conclusion

The prior art made of record and not relied upon is considered pertinent to applicant's

disclosure.

US 6,412,092 *Raghunath* for its disclosure of the architecture of a TCP/IP message unit

at Fig. #B.

Any inquiry concerning this communication or earlier communications from the

examiner should be directed to Charles R Kyle whose telephone number is (703) 305-4458. The

examiner can normally be reached on M-F 6:00-2:30.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's

supervisor, Vincent Millin can be reached on (703) 308-1065. The fax phone number for the

organization where this application or proceeding is assigned is (703) 746-5560.

Any inquiry of a general nature or relating to the status of this application or proceeding

should be directed to the receptionist whose telephone number is (703) 308-1113.

crk   Examiner Charles Kyle

March 14, 2005